Chapter 24: A Great Depression and a New Deal

Overview

President Herbert Hoover took office at one of the most prosperous times in America’s past. Indeed, Hoover and many others believed they would witness the end of poverty. Almost a year after his election optimism was no longer a certainty. Instead of prosperity, President Hoover’s administration is remembered for its widespread unemployment, hunger, and homelessness. Franklin Delano Roosevelt, distant cousin of Theodore Roosevelt, promised the American people a “New Deal.” The phrase defines his legislative and policy programs for dealing with the economic catastrophe of the Great Depression. The programs introduced by Franklin Delano Roosevelt and the Democratic Congress came in two waves and they have been referred to as the first and second New Deals. The New Deal programs and Franklin Delano Roosevelt’s energetic personality reversed the collapse of the nation’s financial system, instituted relief programs, and addressed the crisis in agriculture and industry. The first New Deal was extraordinary by any standard. The plan and regulation of the economy stopped the hemorrhage. But even though successful, much of what Franklin Delano Roosevelt attempted was met with criticism from all directions. Roosevelt reacted to the criticism and judicial setbacks by keeping Congress in session with another set of reforms known as the Second New Deal. What a difference a year can make -- from landslide victory in 1936 to paralysis in 1937. Franklin Delano Roosevelt’s opponents finally found a topic they could use to beat Roosevelt. That topic was his plan to “pack the Court.”

Key Topics The information in chapter 24 introduces your students to the following key topics:
- The collapse of the American economy during the Great Depression.
- The failure of Herbert Hoover's voluntarism.
- Franklin D. Roosevelt's “first” and “second” New Deals.
- Radical and conservative opponents of the New Deal.

Chapter Outline

Sidney Hillman and the Search for Security
The Great Depression
- Causes of the Great Depression
- The United States Descends into Depression
- Hoover Responds to the Depression

The First New Deal
- The Election of 1932
- Roosevelt Takes Command
- Federal Relief
- The New Deal Confronts the Farm Crisis
- Reforming the Rural Economy
- The Flight of the Blue Eagle

The Second New Deal
- Critics Attack from all Sides
- Roosevelt Launches the Second Hundred Days
- Social Security for Some
- Labor and the New Deal
- The New Deal Coalition and the Triumph of 1936

Crisis of the New Deal
- Conservatives Launch a Counterattack
- The “Roosevelt Recession” and the liberal Crisis of Confidence

Feature: The Scottsboro Boys and a new Challenge to the White South

Conclusion
Annotated chapter outline with review questions

Sidney Hillman and the Search for Security: Throughout the 1930s, Sidney Hillman worked alongside President Roosevelt to create a new political economy which would provide a greater measure of security to working Americans. He used his position in the National Recovery Administration to implement the NRA’s provisions for the cooperation of business, government, and labor to stabilize the clothing unions. He also helped for the Committee (later Congress) on Industrial Organizations and later helped in the early mobilization of the nation’s war industries.

The Great Depression: President Herbert Hoover took office at one of the most prosperous times in America’s past. Indeed, Hoover and many others believed they would witness the end of poverty. Almost a year after his election optimism was no longer a certainty. Instead of prosperity, President Hoover’s administration is remembered for its widespread unemployment, hunger, and homelessness.

• The cause or causes of the Great Depression defy simple explanation. Seven decades later economists and historians debate the issue. However it is clear that numerous flaws and weaknesses in the national and international economic structure along with ill-conceived government policies are largely responsible for causing the catastrophe. The maldistribution of wealth, credit-based buying, weak and mismanaged banks, poorly designed government policies, a weak post-war European economic system all had a hand in contributing to the depression and exacerbating its severity.

• That the United States was capable of producing abundant food and manufactured goods but unable to maintain a stable economic system was a frightening thought. The increasing misery raised fundamental questions about the political economy that had to this time prevailed. Business activity collapsed and with no consumers to buy manufactured goods; joblessness sky rocketed. Breadlines, bankruptcies, foreclosures, evictions, and homelessness were the norm. Depression gave way to despair and hopelessness. Farmers faced a double disaster: economic and environmental. Charities and food banks, were overwhelmed. City and state governments slid toward insolvency. Americans looked to President Hoover for help and found him overwhelmed.

• Hoover’s personal political philosophy, termed “associationalism,” envisioned a federal government that facilitated and encouraged voluntary cooperation among businesses and which disseminated information. Beyond that Hoover believed the government should maintain a hands off approach. The economic catastrophe overwhelmed Hoover’s associational programs. By 1932, Hoover reluctantly conceded the need for government programs, even if that meant deficit spending. Unfortunately, Hoover’s and the Republicans’ programs, such as the Reconstruction Finance Corporation and the Hawley-Smoot Tariff, actually increased the severity of the Depression. By the end of his presidency Herbert Hoover had become sullen and withdrawn and with that lack of enthusiasm he and the Republicans campaigned for reelection.

What were the causes of the Great Depression?

The First New Deal: Franklin Delano Roosevelt, distant cousin of Theodore Roosevelt, promised the American people a “New Deal”. The phrase defines his legislative and policy programs for dealing with the economic catastrophe of the Great Depression. The programs Franklin Delano Roosevelt and the Democratic Congress created came in two waves and they have been referred to as the first and second New Deals. The New Deal programs and Franklin Delano Roosevelt’s energetic personality reversed the collapse of the nation’s financial system, instituted relief programs, and addressed the crisis in agriculture and industry.

• The election of 1932 brought change to the White House and the Congress and was the result of changes within the Democratic Party. That FDR advocated action rather than passivity also enhanced his popularity. Relief for the poor, a radical new idea, was balanced with more traditional policies of a balanced federal budget, support of the gold standard, and reduced size of the government. The Republicans were swept out of office and Democrats were elected.

• Before Franklin Delano Roosevelt was inaugurated the banking system nose-dived. When he finally took office the nation was in a panic. Franklin Delano Roosevelt’s willingness to publicly recognize and affirm Americans’ fears helped calm them.

• Relief, direct payments to the poor and unemployed, was organized in the Federal Emergency Relief Act. A half-billion dollars was funneled to state and local agencies to distribute to the nation’s poor. In
addition, other works programs were created. Not only were Americans put back to work in service to their communities, their paychecks put money back into circulation.

- FDR also took on the farm crisis. He and his administration targeted overproduction and low prices and farm credit. Farmers and ranchers were willing to give up some of their independence and distrust of the federal government in exchange for the government’s help. For displaced, landless farmers, the reforms came too late.
- The plight of American’s farmers was complex and the legislative solutions contained in the New Deal were equally complex. The legislation attacked three related areas: 1) land-use planning and soil conservation, 2) the modernization of rural life, and 3) the effort to eradicate rural poverty.
- Relief and farm problems were among FDR’s concerns. The revival of manufacturing was the key to ending the Depression. The National Recovery Administration mandated that business, labor, and government officials write a code of business conduct for each industry but its idealism was never fully realized and it was not a very popular program.

How did the policies of Hoover and Roosevelt differ?

How did the New Deal “save” capitalism?

The Second New Deal: The first New Deal was extraordinary by any standard. The plan and regulation of the economy stopped the hemorrhage. But even though successful, much of what Franklin Delano Roosevelt attempted was met with criticism from all directions. Roosevelt reacted to the criticism and judicial setbacks by keeping Congress in session with another set of reforms known as the Second New Deal.

- One set of critics complained that FDR’s plans were too radical, another group of critics claimed he was not doing enough. The Communist Party gained membership during the 1930s. The Socialists, on the other hand, did not fare well because Roosevelt had taken as his own many of the Socialist ideas. More troublesome to FDR were Father Charles, Dr. Francis Townsend, and Senator Huey Long. But threats to the New Deal came from the business and financial communities who rejected all of Roosevelt’s New Deal. Roosevelt’s plans were not helped by the Supreme Court which moved to strike down many of the key laws of the first hundred days.
- The president used his critics to his own advantage. Parts of the National Recovery Act were salvaged and Franklin Delano Roosevelt advocated legislation which would encourage a “wider distribution of wealth.”
- The Works Project Administration and the Social Security Act of 1935 went a long way to protect Americans from economic calamity. Roosevelt’s plan for national health insurance was so unpopular he did not propose it. But in the long run, all states established a program of unemployment insurance and assistance to the elderly. The nation’s first huge social welfare bureaucracy was created.
- The 1930s saw unions take a new role in America’s political economy. Membership in unions soared and union members and leaders became influential members in the Democratic Party. The New Deal fostered these changes. Franklin Delano Roosevelt came to support labor in part because he had come to realize that employers would never support his industrial planning. The Wagner Act supported workers’ rights to bargain collectively and created the National Labor Relations Board to enforce the provisions of the act. American capitalism, which was always Franklin Delano Roosevelt’s primary concern, was stabilized with the help of organized labor. Despite this progress, African-American, Mexican-American, and other farm workers failed to make similar gains. Without federal support or the protections of the Wagner Act these farm workers were left out of any real progress. Their plight contrasted with how vital the federal government was in labor reform.
- Roosevelt managed to form a coalition of competing ideological and regional factions within the Democratic Party and for the first time since the Civil War more Americans identified themselves as Democrats. The coalition, President Roosevelt believed, was necessary if he was to get reelected in 1936. In the end, the coalition did win him reelection but it also limited the progressive gains of the New Deal. The New Deal philosophy and programs attracted urban working class voters, union members, poor unemployed black voters in the south and north, and women to the Democrats. A slowly but steadily improving economy also brought voters and Franklin Delano Roosevelt was reelected by a landslide. The Congress was also solidly controlled by the Democratic Party.

How was party politics transformed by the New Deal?
Crisis of the New Deal: What a difference a year can make -- from landslide victory in 1936 to paralysis in 1937. Franklin Delano Roosevelt’s opponents finally found a topic they could use to beat Roosevelt. That topic was his plan to “pack the Court.”

- Roosevelt saw only one obstacle blocking the full implementation of his New Deal plan. That obstacle was a Republican-dominated Supreme Court which had declared unconstitutional aspects of the National Recovery Act and the Agricultural Adjustment Act. Franklin Delano Roosevelt feared for the future of the Social Security Act and the Wagner Act. That is unless he could reconstitute the make up of the Court by passing a law which would allow him to appoint a new member for every member over seventy years old. This plan, called “packing the court” by his opponents would give Franklin Delano Roosevelt six new appointments. Now Roosevelt’s opponents had their opportunity and they enlisted Democratic Congressmen to help them. The 1938 Congressional elections gave the conservatives the strength they needed to bring an end to New Deal Reforms. Republicans gained many seats and an economic recession created a crisis of confidence.

- The deficit and Roosevelt’s failure to eliminate it hounded Roosevelt. The stock market crashed and industrial production plummeted. Even the automobile industry declined. This recession caused many younger economists and politicians to abandon the old economic theories that associated economic health with balanced budgets. They followed a new philosophy, articulated by John Maynard Keynes, which claimed that deficit spending was necessary to stimulate economic recovery. The goal of fiscal policy, they claimed, was no longer to increase production but to increase consumers’ purchasing power. World War II spending confirmed Keynesian economics and its theories held power for the next forty years.

How was party politics transformed by the New Deal?

Feature: The Scottsboro Boys and a new Challenge to the White South: The case of the Scottsboro “boys” illustrates the racial oppression common in the South before World War II. The court proceedings also demonstrate the failure of the courts to uphold the notions of justice, equal protection, and due process.

Conclusion: FDR’s New Deal plan saved capitalism but it did not end the Great Depression. The legacy of the New Deal is complex: a system was devised to provide economic security for most Americans, the American financial system was stabilized and redesigned, but by 1938 problems in Europe and Asia preoccupied many in Washington.

Making links to other ideas Using the maps and websites, in addition to your prepared lectures and other assignments, can give you more resources to enable your students to see that history is much more than memorizing names and dates. You will find that the websites are even more comprehensive and adaptable than described and because they have been collected here in one volume you have a world of information no further away than the click of your mouse. If you are new to the web’s opportunities, you will be pleasantly surprised at the breadth and depth of the information available in these sites.

Map 01. In what state was the Dust Bowl the worst? When? Was the Dust Bowl moving north or south?
Map 02. What states did Herbert Hoover carry in the election?
Map 03. This map represents what? Are all of these dams on the Tennessee River?
In what years did the First New Deal occur? The Second New Deal?

Web connections and resources Consider using these websites to supplement your students’ reading and analytical skills. The sites were chosen because of their relevance to the material in the chapter -- not just to mirror it but to provide additional materials and perspectives. Questions from the student study guide have been included so that you can use or amend them to your own needs. Your students may find it insightful for you to guide them through the site as you help them develop research strategies.

“The Great Depression” http://xroads.virginia.edu/g/1930s/PRINT/newdeal/intro3.html
This in-depth site examines all facets of the economic crisis, from its causes to the reactions in the U.S. from the government to the populace.
1. Having looked at the photographs in the slide show, what do these Americans have in common?
2. What kinds of emotions do you see on their faces?
3. FDR told Americans that the only thing they had to fear was fear itself. Based on these photographs do you agree?

“Fireside Chats of Franklin D. Roosevelt” http://www.mhric.org/fdr/fdr.html
Learn about FDR’s New Deal Programs much like many Americans did in the 1930s through these radio addresses known as fireside chats. Read transcripts of these broadcasts that spanned from 1933-1944.
1. Having read the texts of President Roosevelt’s fireside chats, how did FDR calm Americans’ fears? Cite specific passages from his messages.
2. Why did Americans believe that FDR and the First Lady could help them with their personal problems or requests?

“We Have Got A Good Friend in John Collier: A Taos Pueblo Tries to Sell the Indian New Deal”
http://historymatters.gmu.edu/search.taf?_function=detail&layout_0uid1=32811&__UserReferA24A66F5FFD82CB6BFDC596
In a letter to his friend John Collier, Taos Pueblo Indian Antonio Lunan writes to describe his progress in persuading the Indians to accept New Deal Federal policy. He describes the Indians’ questions and concerns.
1. According to Lujan what were the Indians’ fear?
2. How did he attempt to calm them?

“TVA: Electricity for All” http://newdeal.feri.org/tva/index.htm
On this site, read the Tennessee Valley Authority Act, explore letters from the field that tell of the social and environmental impact of the expansive federal project, and learn about rural electrification.
1. In what specific ways did rural electrification change these Americans’ lives?
2. How could electricity improve the productivity of farms? Of the lives of farm families?

“Labor Unions during the Great Depression and the New Deal” http://lcweb2.loc.gov/ammem/nd/pedu/features/timeline/depwwii/unions.html
In addition to an overview of the status of labor unions during the era, this site provides documents and interviews from Americans who belonged to these unions. The site discusses the importance of the New Deal to unionization and workers’ lives and also contains union songs and chants that reflect this period of unionization.
1. What do these union members have in common with one another? What is different about them from one another?
2. Did the unions cause the Great Depression as one individual claimed?
3. Do you think that being able to read someone’s comments on an event from the time in question is a valuable resource? Defend your answer.

Analytical reading Your students may need more experience analyzing a short reading passage so that he or she can determine its component parts. They may need help identifying primary and supporting information as well as the author’s analysis. The analytical reading passages and the questions from the student study guide have been duplicated in the instructor’s manual for your use. Your students may need direction and encouragement in using them.

The Depression reached its lowest depths as the 1932 election approached and the Republicans seemed headed for disaster. The Republican president had become an unpopular symbol of the government’s failure. Republicans had lost their majority in the House of Representatives after the 1930 election and split evenly in the Senate. Their apparent incapacity to developing a legislative program to attack the Depression made even greater losses likely in November 1932.

The Democrats had to overcome their own internal divisions if they were to take advantage of the situation. Throughout the 1920s the party had been split along cultural lines
between the ethnically diverse, wet, (i.e. anti prohibition) urban wing concentrated in the North and the East and the Anglo-Saxon Protestant rural southern and western wings. Ideological divisions on a whole range of issues separated northeastern business Democrats from western populists and urban Progressives from southern conservatives.

1. In 1932 it would seem that neither party was in a position to win the election. Why?
2. Why could the Republicans not win on President Hoover’s legislative accomplishment?
3. Based on the rest of the unit on the election of 1932, how did FDR bring together the squabbling factions of the Democrat party?

Writing The questions or writing prompts from the student study guide have been duplicated here for your use. These writing topics make good lecture topics especially if you help your students see the development of the idea in lecture format before they refine the idea in their writing assignments.

1. How did the New Deal transform the American farm economy?
2. Discuss the successes and failures of the first New Deal.
3. Compare and contrast the first and second New Deal.
4. The Democrat party was reborn and redesigned under FDR. How?
5. What was so different and radical about John Maynard Keynes’s economic theory and strategy?

Lecture Strategies Ultimately the lecture is where you impart, or profess, your knowledge for the benefit of your students. These strategies were designed around the textbook and if your classroom strategy is to use the organization of the text to organize your course content, these lecture ideas may prove helpful. However, if you lecture around themes please see the section entitled “Thematic Lecture Topics.” You may find that you are more comfortable with and your students are more responsive to a combination of the two.

Chapter 24 is an excellent opportunity to help your students review what is meant by the term “political economy” and to discuss how the nation’s political economy changed because of the depression and because of FDR’s New Deal plans.

Help your students see the fundamental differences between Herbert Hoover and Franklin Roosevelt. The personalities, philosophies, and styles of leadership of the two men are clear contrasts. Discuss with them that Hoover was the last of the laissez faire Republican presidents for the time and that his and his party’s philosophies were deemed unworkable by the American people. Your students might need to be encouraged to examine what it means when the American voter fails to re-elect a sitting president.

Your students may need help understanding the common attitude at the time about federal intervention in business and governmental programs for individual relief. See for example, Andrew Mellon’s determination that failed banks “deserved it.” They will probably not realize that there were no federal programs designed to “help” Americans suffering from unemployment, etc. That FDR suggested these kinds of programs and Congress implemented and funded them is important but their importance has to be seen as a contrast to then-current attitudes and beliefs.

A similar situation exists when discussing John Maynard Keynes’s philosophy of deficit spending. Help your students see this in light of then-current attitudes.

FDR redefined the Democrat party. This is also important when you get to later political issues in later chapters.

FDR also redefined the power of the presidency and this, too, is important when you get to later political and foreign and domestic policy issues in later chapters.

The New Deal legislation can be broken down into three categories: relief, recover, and reform, and this may help your students see what FDR and the Congress are attempting to implement.

The Great Depression can be personalized by the thousands of oral histories of the depression. These are especially good for contrasting the experiences of urban and rural Americans and white and minority Americans.

Penguin Classics

The classic Depression-era novel, Steinbeck’s The Grapes of Wrath (John Steinbeck, The Grapes of Wrath with an introduction by Robert DeMont, New York: Penguin Books, 1992) is an excellent portrayal of the plight of
American Dust Bowl era farmers in general and Oklahoma farmers in particular. Their sense of failure and desperation as well as their woes and realities convey the emotional depression of the era. Compare and contrast Tom Joad and his family with Sinclair Lewis’s George F. Babbitt (Sinclair Lewis, Babbitt with a new introduction by Loren Baritz, New York: A Signet Classic, 1998) and his life and aspirations during the 1920s.

In Immigrant Voices: Twenty-four Narratives on Becoming an American, edited by Gordon Hunter, New York: A Signet Classic, 1999, see No-Yong Park’s Chinaman’s Chance and Carlos Bulosan’s America is in the Heart for immigrant perspectives on life during the depression.